

Message Text

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PAGE 01 MTN GE 09349 171810Z

46

ACTION STR-04

INFO OCT-01 EUR-12 IO-10 ISO-00 STRE-00 OIC-02 AF-06

ARA-06 EA-07 NEA-10 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 /134 W

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FM USDEL MTN GENEVA

TO SECSTATE WASHDC 951

INFO USEMBASSY BRUSSELS 5233

USMISSION EC BRUSSELS

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PASS STR FOR ACTION

H PASS CODEL

E.O. 11652: NA

TAGS: ETRD GATT

SUBJ: BILATERAL CONSULTATIONS WITH EC ON CUSTOMS MATTERS

REF: STATE 294788

1. BEGIN SUMMARY: US AND EC HELD WIDE RANGING
FOUR HOUR DISCUSSION ON CUSTOMS MATTERS BEING
DEALT WITH IN MTN. EC INTENDS TO TAKE PRAGMATIC
APPROACH TO WORK PROGRAM WITH MODEST OBJECTIVES
FOR SHORT TERM. END SUMMARY.

2. US DEL (NEWKIRK) OPENED WITH STATEMENT THAT WE
WELCOME OPPORTUNITY TO CONSULT WITH THE EC ON THESE
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PAGE 02 MTN GE 09349 171810Z

SUBJECTS AND HOPE THAT EXCHANGE OF VIEWS WOULD FACILI-

TATE WORK IN CUSTOMS MATTERS SUBGROUP. US POINTED OUT, HOWEVER, THAT THIS SUBGROUP HAD NOT BEEN FORMED AT US INITIATIVE AND THAT WE ARE UNDER LITTLE COMPLUSION TO MOVE FORWARD IN THIS AREA OF THE NEGOTIATIONS IN ABSENCE OF ANY INDICATION OF POSSIBLE RECIPROCAL CONCESSIONS. WE SUGGESTED THAT DISCUSSION OF SUCH RECIPROCITY WOULD BE USEFUL FOR ADVANCEMENT OF WORK IN CUSTOMS MATTERS SUBGROUP.

3. NOMENCLATURE-EC (CHUMAS, MULLINS)

AGREED WITH US VIEW THAT FOCUS OF WORK ON THIS ISSUE SHOULD BE IN THE HARMONIZED SYSTEMS COMMITTEE (HSC) OF THE CUSTOMS COOPERATION COUNCIL. EC STATED THAT THIS WORK VERY TECHNICAL AND SAW 1980 AS "REALISTIC GOAL FOR COMPLETION". CHUMAS STATED THAT OBJECTIVE OF MTN WORK ON NOMENCLATURE SHOULD BE TO GET AGREEMENT AMONG PARTICIPANTS THAT EVENTUAL PRODUCT OF HSC WOULD BE ADOPTED. US RESPONDED THAT IT SEEMED UNLIKELY THAT PARTICIPANTS WOULD COMMIT THEMSELVES TO ADOPTING ONLY PARTIALLY COMPLETED EFFORT AND IN THIS CONNECTION CURRENT 1977 GOAL FOR COMPLETION OF MTN DID NOT SEEM COMPATIBLE WITH 1980 GOAL FOR HSC WORK. EC AGREED. CHUMAS ADDED THAT EC NOW CONSIDERING INTERNAL PROJECT TO LINK NIMEX STATISTICAL SYSTEM WITH CXT FOR BOTH IMPORTS AND EXPORTS. WHILE THIS MAY REQUIRE SOME CHANGES TO CXT, IT SHOULD BE VIEWED AS INTERIM SOLUTION THAT WILL NOT PREJUDICE EVENTUAL EC ADOPTION OF HSC WORK.

4. VALUATION: EC STATED THAT THIS IS MOST IMPORTANT AREA IN CUSTOMS MATTERS WORK BUT THAT, UNLIKE KENNEDY ROUND, THE COMMISSION NOT UNDER ANY GREAT PRESSURE TO SEEK CHANGES IN US VALUATION SYSTEM. CHUMAS STATED AMERICAN SELLING PRICE NO LONGER OF REAL INTEREST TO EC. THIS LACK OF PRESSURE PUTS EC IN "PASSIVE MODE" IN REGARD TO WORK ON VALUATION. IN RESPONSE TO US PROBING ON WILLINGNESS OF EC TO ACCEPT CHANGES TO BRUSSELS DEFINITION OF VALUE (BDV) IN SUCH AREAS AS TRANSPARENCY, APPEALS, AND NON-ARMS'S LENGTH TRANSACTIONS, CHUMAS STATED EC SATISFIED WITH CURRENT SYSTEM. HE LIMITED OFFICIAL USE

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PAGE 03 MTN GE 09349 171810Z

STRESSED, HOWEVER, THAT EC WOULD BE WILLING TO "SERIOUSLY CONSIDER" ANY POSITIVE PROPOSALS THAT THE US WOULD PUT FORWARD BUT THAT WE SHOULD NOT EXPECT INITIATIVES ON THE PART OF THE EC. HE ADDED THAT PROPOSALS FOR A UNIFORM APPEALS PROCEDURE ARE OF PARTICULAR INTEREST TO EC BECAUSE OF DESIRE TO IMPROVE INTERNAL EC SYSTEM. US STATED THAT WE WERE CERTAINLY NOT THE DEMANDEUR IN THIS AREA OF THE NEGOTIATIONS AND SAW LITTLE INDICATION OF EC

WILLINGNESS TO OFFER APPROPRIATE RECIPROITY FOR ANY CHANGES US MAY BE WILLING TO MAKE IN ITS VALUATION SYSTEM. EC QUERIED IF US SOUGHT RECIPROCITY WITH IN VALUATION CONTEXT OR IN SOME OTHER AREA OF THE NEGOTIATION. THE US STATED THAT IT COULD NOT RESPOND TO THIS UNTIL WE HAD SOME IDEA OF MAGNITUDE OF CHANGE TO US SYSTEM SOUGHT BY EC AND MAGNITUDE OF RECIPROCITY EC WILLING TO OFFER.

5. IN DISCUSSION OF FUTURE WORK PROGRAM ON VALUATION IN CUSTOMS MATTERS SUBGROUP, CHUMAS PROPOSED THAT WE CONTINUE TO WORK ON DEVELOPMENT OF "IDEAL" VALUATION SYSTEM AND FOCUS NEITHER ON BDV OR GATT RULES. AT END OF THIS WORK WE COULD THEN COMPARE "IDEAL" SYSTEM TO GATT RULES AND BDV AND SEE WHAT CHANGES WOULD BE NECESSARY TO BOTH. EC BELIEVES THIS COMPARISON WOULD DETERMINE QUESTION OF PAYMENT FOR CHANGES. EC ASKED IF US WILLING TO ACCEPT EC SUBMISSION (MTN/NTM/20) AS "BASIC DOCUMENT" FOR DISCUSSION IN SUBGROUP. US RESPONDED THAT WE THOUGHT OUR SUBMISSION WOULD BE MORE APPROPRIATE FOR THIS PURPOSE. CHUMAS SUGGESTED THAT NEXT CUSTOMS MATTERS MEETING SHOULD FOCUS ON EXPANDED VERSIONS OF US AND EC SUBMISSIONS WITH THE OBJECTIVE OF HAVING THE SECRETARIAT CIRCULATE COMBINED VERSION OF TWO PAPERS FOR DISCUSSION AT MEETING SOME TIME IN FUTURE. CHUMAS WOULD LIKE US AND EC TO DRAFT THIS PAPER AND SLIP IT TO SECRETARIAT AS "SUGGESTION". SUCH A PAPER WOULD NOT BE "AGREED" BUT WOULD FORM A BASIS FOR DISCUSSION.

6. PROCEDURE: EC SUGGESTED THAT GLOBAL APPROACH ON CUSTOMS PROCEDURES BE LEFT TO ORGANIZATIONS SUCH AS ECE AND CCC WHILE MTN FOCUSED ON SPECIFIC PROBLEMS ON BILATERAL BASIS. CHUMAS ADDED, HOWEVER, THAT EC AGREED WITH LIMITED OFFICIAL USE

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PAGE 04 MTN GE 09349 171810Z

CANADA ON GENERAL PROBLEM OF LIQUIDATION BUT HAD NO POSITION ON HOW TO DEAL WITH IT. US AND EC AGREED THAT ANY SPECIFIC PROBLEMS BETWEEN US SHOULD BE DISCUSSED ON A BILATERAL BASIS AS FIRST STEP TOWARDS SOLUTION.

7. DOCUMENTATION: EC RAISED OFTEN REPEATED OBJECTIONS TO US FORM 5515 AND US RESPONDED ALONG LINES PARA 4 REFTEL. EC ADDED THAT COMMISSION HAD REPORT FROM DUTCH FIRM THAT IT HAD RECEIVED FORM FROM US CUSTOMS CONTAINING 85 QUESTIONS "ALLEGEDLY" NECESSARY FOR FINAL LIQUIDATION OF EXPORT SHIPMENT TO US. COMMISSION SUSPECTS FORM RELATES TO POSSIBLE ANTI-DUMPING ACTION. HE INTENDS TO RAISE THIS ISSUE AT NEXT CUSTOMS MATTERS MEETING.

8. CONSULAR FORMALITIES : EC IN FULL AGREEMENT WITH US POSITION ON THIS ISSUE AND STRESSED LOW KEY MULTILATERAL APPROACH WHILE APPLYING BILATERAL PRESSURE ON THOSE COUNTRIES THAT RETAIN CONSULAR FORMALITIES. IN THIS CONNECTION GATT DOCUMENT NOW UNDER PREPARATION THAT WILL IDENTIFY THOSE COUNTRIES STILL MAINTAINING CONSULAR FORMALITIES WILL BE USEFUL.

9. MARKS OF ORIGIN: EC RAISED THIS ISSUE AND ASKED WHAT WERE US INTENTIONS. WE STATED THAT WE VIEWED THIS AS CUSTOMS, NOT STANDARDS, PROBLEM AND THOUGHT IT A SUBJECT MORE APPROPRIATE FOR DISCUSSION IN CUSTOMS MATTERS SUBGROUP. EC STATED THEY COULD ACCEPT THIS ARGUMENT BUT HAD NO PROBLEMS IN REGARD TO MARKS OF ORIGIN AND THEREFORE LOOKED TO OTHERS TO INITIATE WORK.

10. DIFFERENTIATED TREATMENT FOR LDC'S: CHUMAS STATED THAT COMMISSION OPPOSED TO SPECIAL AND DIFFERENTIATED TREATMENT FOR LDC'S IN CUSTOMS MATTERS AREA. HE PERSONALLY COULD NOT THINK OF ANY SUCH TREATMENT THAT WOULD DO ANYTHING MORE THAN CAUSE ADDITIONAL ADMINISTRATIVE COMPLICATIONS AND COMPLEXITIES.

11. MEETING CLOSED WITH MUTUAL AGREEMENT ON USEFULNESS OF THESE CONSULTATIONS AND DESIRE TO MEET AGAIN WHEN LIMITED OFFICIAL USE

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PAGE 05 MTN GE 09349 171810Z

ADDITIONAL PROGRESS POSSIBLE. CULBERT

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Message Attributes

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